

Internal Revenue Service
memorandum

CC:TL

Br4:DICrosby

date: **26 MAR 1986**

to: District Counsel, Nashville CC:NAS
Attn. Vallie C. Brooks

from: Director, Tax Litigation Division CC:TL

subject: [REDACTED] - Request for Technical
Advice

By memorandum dated January 28, 1986, Roy Allison, Deputy Regional Counsel (Tax Litigation) for the Southeast Region relayed to this office your proposed technical advice to the District Director, Nashville in this case. This is in response to that request for technical advice. After considering the issues, we sought the views of the Individual Tax Division (CC:IND) which supplied us with the attached memorandum discussed below.

ISSUES

1. Is [REDACTED] required by Code § 6041 to file Forms 1099 for amounts of \$600 or more paid to customers who take advantage of the hotel's [REDACTED] (travel bonus) program to obtain free hotel rooms and airfare? 6041.04-00
2. If so, when are the amounts taxable and what is the measure of the fair market value of the award? 0061.46-00

CONCLUSION

On December 2, 1985, the Associate Commissioner (Operations) sent the attached memorandum to all regional commissioners. The memorandum states that the issues presented here have not yet been resolved and that guidance will be sought from the public by raising these issues in the preamble to the fringe benefit regulations to be published in the Federal Register prior to the end of the year. In the interim, the memorandum states, it would be inappropriate for the Service to challenge a taxpayer's failure to provide information returns in connection with travel bonus programs. Until such time as appropriate rules are promulgated by the Service, the districts are requested not to initiate new projects and to postpone action on authorized projects until further advisement.

A copy of the attached memorandum should be supplied to the District Director, Nashville and no further action should be taken on this case until further notice. The issues will remain

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under consideration in the National Office until different guidelines are issued Service-wide. If you have any questions, this matter is assigned to Dianne Crosby of this office, who may be reached at (FTS) 566-3345.

ROBERT P. RUWE
Director

By: Hee Soley
Henry G. Salamy
Chief, Branch No. 4
Tax Litigation Division

Attachment:
cc 12/2/85 memo